

Message Text

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ACTION EUR-10

INFO OCT-01 ARA-10 IO-03 ISO-00 CIAE-00 COME-00 EB-03

INR-10 LAB-01 NSAE-00 RSC-01 SIL-01 DODE-00 PM-03

H-01 L-02 NSC-07 PA-01 PRS-01 SP-02 SS-14 USIA-04

DRC-01 OMB-01 TRSE-00 /077 W
----- 070650

R 101054Z OCT 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 3087

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMCONSUL BORDEAUX

USMISSION GENEVA

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMCONSUL LYON

AMCONSUL MARSEILLE

AMCONSUL MARTINIQUE

AMCONSUL NICE

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMCONSUL STRASBOURG

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E.O. 11652: N/A

TAGS: PLAB, FR

SUBJECT: THE LABOR SCENE

1. SUMMARY. WORKERS AFFECTED BY LAYOFFS ARE RESISTING
TERMINATION NOTICES AND WITH SUPPORT FROM UNIONS AND
UNITED LEFT ARE RESORTING TO PLANT OCCUPATIONS AND
LOCAL DEMONSTRATIONS. THERE ARE SIGNS THAT GOF IS
SHIFTING TRADITIONAL POLICY AND IS NOW PREPARED
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PURSUE ANTI-INFLATION MEASURES EVEN IF THEY ADVERSELY

AFFECT EMPLOYMENT SITUATION. CURRENT SPECULATION IS THAT PRESENT UNEMPLOYMENT RATE OF 2.4 PERCENT CAN STRETCH TO 4 PERCENT BEFORE IT TRIGGERS SOCIAL UNREST. FACT THAT UNITED LEFT SUCCEEDING IN PROJECTING IMAGE OF CREDIBLE AND COMPETENT POLITICAL ALTERNATIVE WILL BE IMPORTANT FACTOR IN MODERATING WORKER BEHAVIOR UNDER SOCIAL STRESS. END SUMMARY.

2. RESISTANCE TO LAYOFFS (LICENCIEMENTS COLLECTIFS) BY THE UNIONS BUT ALSO BY GOF HAS BEEN RECENTLY THE DOMINANT FEATURE OF THE LABOR SCENE AND NEWSPAPER COPY. FOLLOWING IN THE SPIRIT OF LIP AND PROMPTED BY THE ANXIETIES CAUSED BY THE ENERGY CRISIS, WORKERS WHO HAVE BEEN THREATENED OR ACTUALLY SERVED LAYOFF NOTICES HAVE TAKEN MATTERS IN THEIR OWN HANDS DETERMINED TO HOLD ON TO THEIR JOBS. MOST COMMON FORM OF RESISTANCE HAS BEEN WORKER OCCUPATION OF PLANTS.

3. IT IS SIGNIFICANT ALSO THAT WORKER REFUSAL TO ACCEPT LOSS OF JOBS IS ASSERTED EVEN IN BANKRUPTCY CASES. IN SUCH INSTANCES PURPOSE OF PLANT OCCUPATION IS TO DRAMATIZE THE EVENT IN THE HOPE THAT POLITICAL CONSIDERATIONS WILL COMPEL GOF OR MANAGEMENT ASSOCIATIONS TO FIND WAYS TO PROLONG THE LIFE OF BANKRUPT COMPANIES.

4. IN THE LAST FEW WEEKS THREE MAJOR CASES HAVE ATTRACTED NATIONAL ATTENTION: (A) TITAN-CODER IN MARSEILLE (TRAILERS) WITH 2700 WORKERS FACING BANKRUPTCY LIQUIDATION; (B) A TANNERY PLANT IN THE ARDECHE WITH 300 WORKERS WHICH BECAME A FACTOR IN BY-ELECTION INVOLVING FORMER UDR MINISTER TORRE; AND (C) THE CASE OF THE LUXURY LINER "FRANCE" WHICH HAS BEEN ANCHORED OFF THE NORMANDY COAST FOR THE LAST THREE WEEKS.

5. IN THE ABSENCE OF RANK AND FILE MILITANCY ON OTHER ISSUES AND CONFRONTED WITH REFORM-MINDED GOF, UNIONS HAVE BEEN QUICK TO SEIZE LAYOFFS AS LIMITED OFFICIAL USE

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OPPORTUNITIES TO SHOW THAT THEY ARE STILL THERE AND KICKING. FOR SIMILAR REASONS THE POLITICAL PARTIES OF THE LEFT ARE JOINING THE UNIONS IN LOCAL DEMONSTRATIONS TO DEMAND CANCELLATION OF LAYOFFS AND GOVERNMENT SUPPORT TO ASSURE THE VIABILITY OF THE COMPANIES INVOLVED. HOWEVER, NEITHER THE UNIONS NOR THE /UNITED LEFT HAVE AS YET SUCCEEDED IN MOBILIZING PUBLIC OPINION AT LARGE.

6. GOF HAS SHARED THIS OVER-ALL SPIRIT OF RESISTANCE TO LAYOFFS. IN NUMEROUS CASES, SOME INVOLVING AMERICAN COMPANIES, LABOR INSPECTORS AND ON APPEAL THE LABOR MINISTRY ITSELF, HAVE DENIED REQUIRED PRIOR APPROVAL TO COMPANIES WHO CONTEMPLATED LAYOFFS. THE GOF REFUSALS HAVE BEEN MOTIVATED BY THE DESIRE TO ALLOW FOR MORE TIME TO FIND SOLUTIONS OR TO COMPEL MANAGEMENT TO FIND OTHER WAYS OF MAKING THE NECESSARY ECONOMIES. IN ONE INSTANCE WHICH INVOLVED CHRYSLER-FRANCE, THE GOF REFUSAL TO CONDONE THE LAYOFF OF ABOUT 700 WORKERS LED TO THE COMPANY'S ASSUMING RESPONSIBILITY FOR THE PLACEMENT OF THE WORKERS ELSEWHERE.

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7. THE FOREGOING EPISODES ARE SIGNIFICANT BECAUSE:

(A) THEY CONFIRM THE INCREASED INTENSITY WITH WHICH THE FRENCH WORKER IS CONCERNED ABOUT JOB SECURITY.

(B) THEY HIGHLIGHT THE PERENNIAL DILEMMA
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WHICH HAS CONFRONTED FRENCH GOVERNMENTS IN FORMULATING RIGID ANTI-INFLATION MEASURES WHICH COULD ADVERSELY AFFECT FULL EMPLOYMENT. FACED, HOWEVER, WITH THE EXCESSIVE INFLATION OF 1974, GOF SEEMS TO HAVE SHIFTED SOMEWHAT ITS POLICY TO ALLOW FOR MORE UNEMPLOYMENT IN THE INTEREST OF CHECKING 17 PERCENT INFLATION RATE.

8. SPECULATION HAS BEGUN ONCE AGAIN ABOUT WHAT CONSTITUTES A "SAFE" LIMIT OF UNEMPLOYMENT. WITH 468,000 REGISTERED JOB-SEEKERS, CURRENT UNEMPLOYMENT RATE IS 2.4 PERCENT (BASED ON 21 MILLION ACTIVE POPULATION). WE BELIEVE, HOWEVER, THAT AT LEAST HALF OF THE PRESENTLY REGISTERED UNEMPLOYED REPRESENT AN UNEMPLOYABLE HARD CORE. WHILE 500,000 UNEMPLOYED WERE VIEWED JUST A FEW YEARS AGO AS A THRESHOLD TO SOCIAL UNREST, THE FIGURE HAS SLOWLY BEEN RAISED TO ABOUT 800,000. BOTH GOF AND MANAGEMENT ARE DETERMINED TO CUSHION LOSS OF WAGES THROUGH INDEMNITIES AND UNION-MANAGEMENT ARE CURRENTLY NEGOTIATING THE CREATION OF A FUND TO PAY FULL SALARY, UP TO A YEAR, TO VICTIMS OF LAYOFFS.

9. ANALYSTS DIFFER ON THE AMOUNT OF UNEMPLOYMENT FRANCE CAN WITHSTAND WITHOUT MAJOR POLITICAL UNREST. EMBASSY BELIEVES THAT CHARACTER OF FRENCH WORKING CLASS IS MORE VOLATILE THAN IN OTHER COMPARABLE INDUSTRIAL SOCIETIES, AND THRESHOLD OF UNREST THEREFORE LOWER IN FRANCE. THERE IS ONE MAJOR FACTOR, HOWEVER, WHICH SHOULD TEND TO MODERATE WORKER BEHAVIOR UNDER SOCIAL AND ECONOMIC STRESS IN THE COMING MONTHS. THE UNITED LEFT, WHICH IS

SUPPORTED BY TWO MAJOR UNIONS, THE CGT AND THE CFDT,
IS CONTINUING TO PROJECT AN IMAGE AS THE CREDIBLE
AND COMPETENT POLITICAL ALTERNATIVE TO THE PRESENT
REGIME TO WHICH THE DISCONTENTED CAN TURN. THE
UNITED LEFT PARTIES AND THE UNIONS ARE NOT LIKELY
TO SPOIL THIS IMAGE BY ENCOURAGING THE WORKERS TO
GO INTO THE STREETS.

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